

Blue Ribbon Commission on Transportation Full Commission Briefing

Meeting Summary

December 14, 1998

Commission members present:

Doug Beighle, Peter Bennett, Commissioner Ted Bottiger, Don Briscoe, Roger Dormaier, Councilmember Dave Earling, Representative Ruth Fisher, Governor Booth Gardner, Senator Mary Margaret Haugen, Robert Helsell, Doug Hurley, Peter Hurley, Commissioner Bettie Ingham, Jennifer Joly, John Kelly, Senator Valoria Loveland, Tomio Moriguchi, Charles Mott, Representative Ed Murray, Connie Niva, Commissioner Patricia Notter, Dale Nusbaum, Patricia Otley, Neil Peterson, Larry Pursley, Skip Rowley, Ken Smith, Dale Stedman, Commissioner Judy Wilson

Commission members not present:

Rick Bender, Greg Devereux, Bob Dilger, Arthur D. Jackson, Jr., Bill Lampson, Councilmember Richard McIver, Representative Maryann Mitchell, Senator Eugene Prince, John Rindlaub, Senator Dino Rossi, Representative Karen Schmidt, Commissioner Judie Stanton

Briefings *(The day consisted of eight presentations. The following does not attempt to recap the presentations. It summarizes the question and answer discussion following each presentation. The first two presenters were asked a number of questions together so they are summarized together.)*

STATE TRANSPORTATION FUNDING AND BUDGETING - PRESENTER HELEN MORGENSTERN

FEDERAL FUNDS AND HOW THEY ARE ALLOCATED - PRESENTER GLENN MILES

Q. Many dedicated funds are not included in the tri-chart -- specifically the aeronautical account. How is it funded? The aeronautical account is funded by a tax on aviation fuel.

A request was made that the pie chart showing state transportation revenues and how they are allocated be made available in larger format.

Q. How does federal money get to the various regional councils around the state? Federal money is sent to the TransAid office in WSDOT which sends out an annual letter requesting projects for each program. From there, projects are prioritized and money is distributed to the regional councils.

Q. Is there a “quad” chart that merges both state and federal funding streams? No, it would be too complicated as state funds are used to match federal funds and , additionally, there is the possibility of switching funds among programs. There is a 12-page “pyramid” chart available. It is clear that streamlining of the many subprograms would be helpful.

Q. What are the requirements for local match for federal funds? There is a legal requirement that federal funds be locally matched - 20% is the usual number given, although the Surface Transportation Program (STP) requires 86/14 and NHS requires 90/10. The larger the local match, the more likely a community is to receive federal funds. State programs like the Urban Arterial Trust Account (UATA) and the Transportation Improvement Account (TIA) also have local match requirements.

Q. Are TEA-21 funds to the states now a fixed allocation? TEA-21 amounts are fixed in the Congressional authorization., although each year Congress can appropriate additional discretionary funds. For example, states can received unobligated funds from other states.

Q. Are other states’ funding mechanisms as complicated as Washington’s? Yes, although some simplification can be achieved in the organizational and governance structure. Michigan and Virginia for example are state DOTs that are simplifying their governance. Michigan has taken a different approach to who maintains and who carries out capital construction. The challenge is how to balance doing preservation and maintenance with local funds while leveraging maximum federal funds for capital projects.

Q. What is the number of people in WSDOT who are needed to manage the complexity of the collection and distribution of funds? The number given for all overhead - accounting, planning, construction management, disbursement of federal money, etc. is 9% of DOT’s budget and 20% of DOT’s people (or about 1300 FTEs). There are a total of about 10 auditors working year-round to ensure compliance with all regulations. If they find errors, the state may have to pay back funds but this is seldom a major impact.

Q. Is the federal gas tax indexed? No. The 18.4 cent federal gas tax which flows into the Highway Trust Fund, has, however, been taken “off the budget” for budget balancing purposes. TEA-21 has added 40% to federal funds as a result and this will tend to increase the certainty of funding.

Q. How much does Washington State gets back from the federal gas tax relative to how much we pay in? Between 1956 and 1995, Washington state received \$1.64 back from the federal government for every \$1.00 we put in through the federal gas tax. This was the period of the completion of the interstate system in Washington and thus our numbers were higher than some other states. Between 1993 and 1996, Washington has received about \$0.93 to \$0.96 back on the dollar.

Q. Are federal dollars appropriated annually? When do you know how much you will receive? WSDOT is able to forecast its federal revenues. Although it doesn’t specifically know from year to year how much it will receive, staff can assume 85% of the authorized amount.

Q. Does the federal system drive the state system? In order to receive federal funds, the state must show a strategic plan, which Washington does. ISTEA granted the states far more flexibility than previously for spending federal funds, a policy that has been continued in TEA-21.

Q. To what extent are maintenance and preservation funded in the state transportation budget? In the 1999-01 proposed state transportation budget, highway maintenance and preservation are fully funded.

Q. The funding system is not understandable. Is there a different way to appropriate funds, for example by function? Yes, there are other ways. For example, city funds are distributed per capita generally, and county funds on a formula based on road miles and type of road. At the Spokane Regional Council, all projects are prioritized first, then appropriate funding is identified and allocated. Another example would be to segregate funds by maintenance and construction. A number of commissioners commented that the funding system appears impenetrable and needs to be simplified to gain public support.

Q. What are the trade-offs between earmarking and increased flexibility? The state won't look a gift horse in the mouth if funds are earmarked for a project. While the state got 40% more under TEA-21, that also means coming up with more local match money. Nevertheless, since ISTEA (1990) states have had more flexibility and have attempted to provide such flexibility in their own programs. For example, the Transportation Improvement Board was created as an attempt at a new way of doing business.

CITY TRANSPORTATION FUNDING AND BUDGETING - PRESENTER BOB GREGORY

Q. Is the City using the local option \$15 vehicle license fee? Not yet, although if the needed freight mobility money does not come through, the City will need the VLF which would generate about \$350 thousand annually.

Q. What was the cost to the City of Kelso to assemble funding for the Allen Street Bridge project? This \$25.5 million project with 8 funding sources took over 8 years. The public works director and the city engineer spent about 30% of their time on the project for the first 5 years.

Q. How could the transportation funding system be streamlined? The answer is more direct allocations and less competing for funds: thus more certainty in the system.

Q. How much of Kelso/Longview's general fund budgets are going to transportation? About 5%. (Over 50% goes to police and fire.)

Q. How do you handle timetable problems? For example, Allen Street Bridge project costs must have risen from original estimates since it has been in the pipeline for awhile. The original projections included inflation factors and have proved remarkably accurate. The City has not lost any

money waiting for the funding package to come together because there is flexibility in the local match portions.

COUNTY TRANSPORTATION FUNDING AND BUDGETING - PRESENTER HAROLD TANIGUCHI

Q. How is the Regional Arterial Network (RAN) different from the Regional Transportation Program? What have reactions to the proposal been? RAN is more of a bottom-up approach looking at the pavement from each jurisdiction's point of view. It would allow better timing of improvements to linked segments of roadway that cross jurisdictional boundaries. Some cities like the current system that allows them to focus on their own priorities, not necessarily corridor priorities. Local jurisdictions need more information to raise their comfort level.

Q. What is included in the \$9 million overhead charge? It includes a major overhaul of the county's finance systems, surface water management charges, risk management and insurance.

TRANSIT FUNDING AND BUDGETING - PRESENTER WILLY GORRISSEN

Q. A challenge is getting people to use transit. How do you measure that? There are a number of tracking measures including passengers per hour, cost per hour. The goal is to keep the costs per hour flat in real terms.

Q. What is the trend in transit's productivity as a whole? There is no simple answer as each kind of transit service - the fixed routes, the demand response routes and vanpool services - need to be separated out. Also urban and rural routes are very different. Urban routes tend to be very productive while routes to more suburban areas are less productive. At Pierce Transit it is always a balancing act between kinds of public demand. For example, the Seattle Express route is standing-room only but the buses return empty, while demand response services are also very popular but much more costly to operate (\$23 per hour).

Q. Is there a comprehensive report on productivity by type of service? The Washington State Transit Association and WSDOT are compiling such a report and it is due out next year. When compared nationally, Washington has 12 of the highest productivity transit agencies, defined as agencies with ridership growing faster than population.

Q. How does the MVET cap work? Transit agencies in Washington receive MVET funds from the state only to the level at which the agency itself generates local sales tax revenues. Some agencies have to return MVET revenue because their sales tax-raised revenue does not meet the MVET allocation. Pierce Transit is one such system. Returned MVET funds are deposited into about 4 accounts and transit agencies are able to compete for such funds.

Q. Who could speak to the Commission on studies of how funds should be allocated to the transportation system as a whole - roads vs. transit vs. demand management measures.? Other states have looked into this issue. Staff agreed to identify some of this information.

Q. Do transit agencies use marketing mechanisms and supply and demand similar to the private sector? Yes, for example, the Seattle Express is a premium service that costs \$2.50 per ride vs. \$0.90 for regular service. The idea suggested of charging a lower fare for the empty, reverse commuting buses is a good one worth examining.

ISSUES RELATING TO THE FUNDING PROCESS - PRESENTER STEVE EXCELL

Q. Do the multi-state comparisons include the fact that WSDOT operates a ferry system that represents almost one-third of its FTEs? That is an important caution to be noted.

Q. Don't the issues about donor/donee regions indicate that the state will need to look at differential taxes? As the data have gotten better and people have become more aware of the facts, they are less inclined to sit still for long term inequities.

Q. The pie chart on contracting out shows that the 52% contracted out is in the construction arena. Since we are not using design/build methods yet, we could presumably reduce costs and shorten contract timeframes? Yes, current contracting areas are still narrowly focused.

Q. What pros and cons are there in some of the potential solutions you suggested? In streamlining the categorical funds, there are likely to be stakeholders who resist changing things. But providing funding in "block grant" formats with greater flexibility and holding the interest groups harmless, could create opportunities. You could try streamlining vs. new money. You could try a reclassification of functions as they are doing in Michigan.

Q. There has been a suggestion that lane-mile costs could be halved. What is your assessment? The opportunities for capacity improvements in this state are complex. We have elevated freeways and bridges, hilly topography -- the suggested figures sound like a big discount.

TWO CASE STUDIES: THE FAST TRACK AND THE SLOW TRACK - PRESENTER CRAIG STONE

Because the afternoon session was running late, questions were curtailed.

WHAT IS THE CAUSE OF CONGESTION AND WHAT ARE ITS SOLUTIONS - PRESENTER RANDY POZDENA

Q. How do you explain the Tacoma Narrows vote, where those closer to the bridge voted against the use of tolls on the bridge, and those farther away voted for the use of tolls? Voters nearest the facility see the least direct benefit to themselves.

The meeting adjourned at 3:00 pm.